

- Demetri Kofinas:** 00:00:00 The Hidden Forces Podcast features long form conversations broken into two parts, the second hour of which is made available to our premium subscribers, along with transcripts and notes to each conversation. For more information about how to access the episode overtimes, transcripts and rundowns head over to Patreon.com/hiddenforces. You can also sign up to our mailing list at hiddenforces.io. Follow us on Twitter at [hiddenforcespod](https://twitter.com/hiddenforcespod) and leave us a review on Apple podcasts. With that, please enjoy this week's episode.
- Demetri Kofinas:** 00:00:54 What's up everybody. What an awful week we have just been through. I recorded this episode with Grant Williams and Ben Hunt the day before the protesters, or whatever you want to call them, stormed the Capitol building in Washington, DC on Wednesday, January 6th, disrupting the electoral vote counting process, and more importantly, the process of peaceful transition between one democratically elected president to another, which led to not only chaos in the Capitol, but also a scene of deadly violence and a lot of confusion and fear in the media and in the public.
- Demetri Kofinas:** 00:01:31 I cannot put into words the anxiety and fear that I feel, and the heartbreak that I feel when I look at what's currently unfolding in our country. We're rapidly approaching some sort of precipice. I'm very concerned that if we don't find some way to band together and reach some sort of working consensus across party lines, and among those of us who still feel a sense of responsibility and patriotism towards our fellow citizens and towards our country, then I'm afraid the situation is only going to become more intractable and quite frankly, more dangerous.
- Demetri Kofinas:** 00:02:08 I don't think that this is what most of us want. I prefer not to say much more because this was an exceptionally long, and I think really thought provoking conversation on exactly this crisis that we're facing and what's driving it, and how to extricate ourselves from it. But I do want to say that the behavior of risk assets in the face of all this uncertainty is more concerning to me than perhaps anything else that I've seen in 2020. I'm certainly more concerned about what it says about the signaling mechanism between markets and the real world than I am about the vaccine rollout or the transition from Trump to Biden.
- Demetri Kofinas:** 00:02:49 You know, the French philosopher, Jean Baudrillard, would have described what we're living through today as hyperreality, a condition in which what is real and what is fiction or narrative are so entangled that there's no clear distinction between where one ends and the other begins, where people spend more and more time living in the metaverse of simulacra, of signs and symbols than they do in reality itself. The danger with this is that we so dissociate from the world that nurtures us and upon which our very lives depend that we sleep walk our way into tragedy by thinking that someone else will solve the problem that someone else is in charge. But I think what's becoming clear to more and more of us is that no one is in charge. There isn't a hidden intelligence at work steering humanity across the chasm, to the extent that the system has taken on a life of its own. It is steering itself and us towards the abyss, not out of it. If we want to engineer a different outcome, we need to work towards it. That means setting our intentions, not just what is good for me and mine, but on the common good and how to get through this period as a community and as a country. We've spent the last four years tearing each other apart, and it's left us deeply vulnerable. We don't have that luxury anymore.

Demetri Kofinas: 00:04:15 You know, I've done nearly 200 and episodes at this point, speaking with people from all different walks of life, with different backgrounds and expertise, trying to get to the bottom of these complex phenomena that looms so large in our experience of the world today. While there's so much left to learn, none of that means anything if we don't recognize that we have the power, not someone else, not some intelligent algorithm or some boisterous demagogue, it's us. We do. None of this means anything if we don't exercise that power. That means speaking out constructively, working with those who put forward a positive vision for the country and not feeding into the hysteria or exploiting the nihilism in our marketplace by promoting schemes for profiteering or personal gain. It's something I worked towards with this podcast. I think it's reflected in conversations like the one you're about to hear today.

Demetri Kofinas: 00:05:17 On that note, I want to briefly introduce my guests in today's episode, Grant Williams and Ben Hunt. Each of them has appeared separately on this podcast before, and this is the second time that they're appearing here together. The last time being right before New York City and other parts of the country and the world began going into quarantine and lock down. We had a lot to catch up on. Grant is, of course, the host of the Grant Williams Podcast and the publisher of a monthly newsletter on markets and current affairs titled, Things that Make You Go Hmm. Ben is proprietor of the online publication, Epsilon Theory, which similarly covers markets and society, but with a unique focus on narrative and narrative structure.

Demetri Kofinas: 00:06:00 I provided links to both of their websites in the summary section below, where you can also find links to the Hidden Forces website and to our Patreon page. As a reminder, Hidden Forces is listener supported. The second hour of this conversation is available to our premium subscribers who support us on Patreon. If you want to join our community and gain access to the overtime feed on your phone, as well as to the transcripts and rundowns, you can do that at patreon.com/hiddenforces. You can also learn more about the podcast, explore the content library and subscribe to our mailing list at hiddenforces.io. You can follow us on Twitter at [hiddenforcespod](https://twitter.com/hiddenforcespod). With that, I hope you all enjoy this sobering, but as always, important conversation with my guests, Grant Williams and Ben Hunt. Grant Williams and Ben Hunt, welcome to Hidden Forces.

Grant Williams: 00:07:01 It's great to be back. Ben and I are like Statler and Waldorf on the Muppet Show, if anyone remembers that.

Demetri Kofinas: 00:07:06 You guys are probably my-

Ben Hunt: 00:07:07 We really are.

Demetri Kofinas: 00:07:10 ... my most recurring guests.

Ben Hunt: 00:07:12 Well, it's great to be here, Demetri. We really enjoy it. And the nice thing about... you know, Grant and I have very different accents, so it's not difficult for you to know who Statler is and Waldorf is. Although, I don't know which Muppet is which.

Demetri Kofinas: 00:07:26 Ben, where are you from? What state are you originally from? Alabama?

Ben Hunt: 00:07:29 I'm from Alabama. Yeah. From the Heart of Dixie or at least that's what it says on our license plates.

Demetri Kofinas: 00:07:33 So, this is not a typical episode, no prep, and actually you guys don't know this, but the reason I invited you both on today is because I needed a break, and I knew that by bringing on a professional podcaster who basically speaks to people for a living and someone who speaks very easily and loquaciously in Ben, I would not have to do much work in this conversation. I knew that I could basically let it go on autopilot. It's great to have you guys on. Last time we did this, you were one of my last interviews in studio, in the New York studio before everything went into lockdown.

Grant Williams: 00:08:15 Yeah, that's right.

Ben Hunt: 00:08:16 God, that was a lifetime ago.

Demetri Kofinas: 00:08:18 It was a lifetime ago. It was in February, I think the middle of February.

Grant Williams: 00:08:21 Yeah, that's right.

Demetri Kofinas: 00:08:23 How has life unfolded for the two of you since then? Where did you guys go after that? You were in New York passing through, how did your lives unfold after the middle of February 2020.

Ben Hunt: 00:08:34 I'll go first, and then Grant can talk about his life on the Island bubble. But I'm in a little bit of a bubble of my own, which is I live out in the woods in Fairfield County, Connecticut. I remember we moved up here... My wife's from Texas and I'm from Alabama, and we were looking for a place and one of her requirements was well, "I want to live in a place where I don't have to see my neighbors." So, so, someone would think that--

Grant Williams: 00:09:01 Like Texas?

Ben Hunt: 00:09:01 -- was rather antisocial of us, but we're out here, where we can't see our neighbors. It's been so-

Demetri Kofinas: 00:09:14 You basically already live in quarantine, that's your life, nothing changed for you.

Ben Hunt: 00:09:18 Absolutely. Absolutely. We've just gone from one anti-social environment to a slightly more socially acceptable, antisocial-

Demetri Kofinas: 00:09:26 Do you grow any of your own food?

Ben Hunt: 00:09:29 Just fun stuff, like a garden for tomatoes and habanero peppers, which we use to infuse vodka. We make a mean habanero and a bacon infused vodka, but that's about-

Grant Williams: 00:09:44 [inaudible 00:09:44]

Ben Hunt: 00:09:45 ... living off the land. Yeah, exactly. We have lots of animals, but they're pets. I do like animals that pay the rent, the sheep and the bees and the chickens. They pay rent, which I like, but most of the animals are just movable works of art.

Demetri Kofinas: 00:10:06 Works of art. I envy you. We moved out pretty much permanently to a rural part of New York after March because the city just became a difficult place to be. We have been looking for months for something along the lines of what you have, Ben, the sort of dilettante farmer situation. It hasn't been easy to find the right property, the right opportunity, but it seems like such an enviable life. For now, we've had to settle for... I don't know if you've seen these things, it's actually not delivered yet, it's on its way, but it's like these wall gardens that you can put inside of your house and you can grow all sorts of different vegetables. We're going to have a garden inside of the house. That's actually pretty cool.

Ben Hunt: 00:10:50 Nice. Love it. Yeah, we did some hydroponics here. For us, it was really an exercise in finding a place to raise our kids. It's become a wonderful place to really look down the family tree and build those kinds of experiences that I think we all want for our children.

Demetri Kofinas: 00:11:10 Quite literally. What about you, Grant? Where did you run off to after our last recording together?

Grant Williams: 00:11:16 Well, I've had a bunch of different experiences through this, Demetri, and each of them interesting in its own way. From you I went out to California to give a speech, and I ended up trapped in California, and I say trapped in the loosest possible definition of the term. I was staying with some great friends down in Palm Springs or playing golf every day for a few days. But when this all happened, it was really touch and go, do you go back to Cayman and risk in maroon there, on an Island where who knows if the food supplies can get in or you just don't know what's going to happen. Do you stay in California and maybe they shut the borders?

Grant Williams: 00:11:53 When you think back to that time, none of us really knew what was going to happen. Ultimately made the decision to come back to Cayman. Had a bizarre flight from Palm Springs through Dallas to Grand Cayman, where Dallas airport was deserted. Anyone who's been through DFW, and hasn't been through during pandemic times will find that difficult to imagine, but the entire airport was deserted. There were three people on the airplane.

Demetri Kofinas: 00:12:20 What was that like to be in the airport and have it-

Grant Williams: 00:12:22 It was really unsettling. I obviously I travel a lot, and so I'm just used to the crazy bustle and everything in an airport. To see it like that, it was unsettling. Everyone who was there, and it really was a handful of people, was eyeing everybody else suspiciously. It just felt really dystopian. It was very-

Ben Hunt: 00:12:45 Post-Apocalyptic I guess, right?

Grant Williams: 00:12:46 It really did feel that way. I get back to Cayman where there's a full on lockdown, where you are not allowed out of your house except for an hour a day to exercise.

I went through that stage of this process, and that was tough. Then I escaped to South Carolina. Where-

- Demetri Kofinas:** 00:13:06 When did you take that trip?
- Grant Williams:** 00:13:07 That was end of June, I went up there. That was really just to escape the confinement here. It was just getting suffocating for me. But again, I just isolated on my own in South Carolina, but it was funny because that gave me a look into the outside world, and life was going on as normal. Miami Airport was empty when I flew in there as well. Again, that was weird, but in South Carolina everyone's going about their... and everyone was wearing masks in the stores and stuff, but it didn't feel unusual. Life felt normal.
- Grant Williams:** 00:13:37 Then I went to London to see my daughter and my granddaughter. Again, got confronted with this really strange... Ben, you're right, post-apocalyptic, being in Piccadilly Circus and staying at a flat overlooking Piccadilly Circus, and there being nobody on the street, basically at any hour there. I didn't matter if it was 8:00 AM, rush hour, lunchtime, three o'clock in the afternoon, eight o'clock at night. The streets were deserted, and it was really eerie. That was the first time for me walking around that part of London, that the true economic disaster that this thing is came home to meet dramatically because there's not one of those businesses in there that isn't part of some global massive corporation that has a chance of surviving, not a chance. Seeing that really made me realize just how devastating this whole thing has been.
- Grant Williams:** 00:14:33 Then after that, I came back to Cayman, had to do two weeks in quarantine, and here because they were on it so hard, because they closed the borders in March, life in the Cayman Islands here is completely normal. There is no masks, there's no social distancing, there is no COVID. I've lived all kinds of different experiences through this, and each one of them is unsettling in its own way, which makes me wonder when people talk about how quickly everyone's going to get back to normal at some point in time. I wonder about that. I don't know, but I do wonder because it I've lived COVID-free, I've lived heavy lock down, and each of them is unsettling in its own way. I really don't know.
- Ben Hunt:** 00:15:14 Well, I'll tell you, Grant and Demetri, I think I want to just talk a second about the London experience you had and your point about how any store, any retail operation that wasn't part of a global, big multinational company is not going to make it. I think we've seen that observation that truth exert itself everywhere in the West, I'll call it everywhere in Europe, everywhere in the United States, where the Gulf between being a publicly traded company, being a big company with resources... we've talked about this before, Grant, that every year I expect the canyon, the gulf between narrative world and reality world in public markets to start to narrow, and of course it doesn't. I think what we're seeing now is that same sort of gulf, that same sort of canyon that the you and I have been living with and talking about in market world. It's now hit real world, where there is just this enormous distance between, as you said, global multinationals, companies with scale and with resources and everyone else.
- Ben Hunt:** 00:16:36 If you're in that everyone else category, you're in a position where it certainly feels to me like 98% of the public policy dealing with the pandemic has been

geared to the other guys, the big, global well-capitalized companies, and you've been left to basically fend for yourself. I think that is the long-term impact of this pandemic. It's that the gulf, the canyon between big scaled, companies and everyone else, it's spread from market world into real world now, and what the repercussions of that for wealth inequality, but also more basically political inequality... I'm still trying to figure out, I don't like what I'm figuring out about what those long-term repercussions are.

Demetri Kofinas: 00:17:38 Well, we went into this crisis with a broken... maybe calling it a broken political system doesn't entirely capture it. I think we, in a sense, were hobbled as a society, we were very divided. There was obviously a tremendous lack of trust in public institutions and in leaders and in leadership. I think as a result of what I always labeled to be the two most important events of the 21st century, the response to the 9/11 attacks and the quagmire in Iraq and all of the systemic problems that have arisen out of that in the Middle East and elsewhere, and the 2008 crisis and the open larceny of government finances that resulted from it and whose repercussions we're still dealing with to this day. I feel like our leaders who presided over that period don't really have the credibility to lead us out of it.

Demetri Kofinas: 00:18:40 I'm afraid that this applies to president-elect Joe Biden as well who I see as a figure of stability, who is here to lead a transition back to something that we would consider to be "normal," but we're not in the world that we were in 2008 or in 2012, that horse has left the barn. I think ultimately we need bold, dynamic leadership to lead us out of this period. I think we need strong, effective government. This is where narratives, Ben, and I'm curious what you think about this, where narratives clash, because you, I... I put you in this camp, I imagine you were in it, I think Grant also would fall in this camp. I think the three of us had to some degree or another, a sort of anarchist, libertarian impulse. I'm not saying we were any of those labels, but there was a kind of "F the state. These people are incompetent. They're crooks. They're kleptocrats. I just need to look out for myself, look out for my family. Government's corrupt. It doesn't work. Let's just rely on the private sector."

Demetri Kofinas: 00:19:44 Look at these great Silicon Valley companies, look how they're innovating, et cetera, et cetera, et cetera. To a world where we are today, I don't think that that ideology matches the needs of the time today. I wonder, one, if you guys agree with that, that there is a need for a narrative shift, and whether or not those narratives actually exist in the first place, and how do we get there? How do we get past this really selfish, narcissistic place we are today, this obsessiveness with money that we live in, and the idea that the private sectors does everything better and the government just sucks at everything, to a place where we can entrust our public officials and the government with large budgets that can try and tackle huge problems that we face. I think one of those problems is the increase in competition with China and the dangers that that country and its captive 1.4 billion people poses to the future of liberal Western democracy. I'm just curious what you guys think about that, the framing and your thoughts.

Ben Hunt: 00:20:52 Well, let me go first, and, Grant I-

Grant Williams: 00:20:55 Hey, this is your back yard narrative, Ben. I would never go in front of you talking about narrative.

Ben Hunt: 00:21:00 No, no. I want to make just one observation here, Demetri. You went through that prologue, you never mentioned Donald Trump.

Demetri Kofinas: 00:21:08 In what context did I not mention him? What do you mean?

Ben Hunt: 00:21:11 You never mentioned his name.

Demetri Kofinas: 00:21:12 Well, because he-

Ben Hunt: 00:21:14 You're talking about the difference between now and 2008 or 2012. I mean, my God, the last four years under Trump, it's been an unmitigated disaster for... and I'll explain what I mean by disaster, by accelerating this widening gyre, the polarization of politics and economics.

Demetri Kofinas: 00:21:34 Well, I see Trump as a symptom of a much deeper problem in society, but to be honest, Ben, I don't like to give him too much oxygen. We all know who Donald Trump is. In the last four years, all we heard about was how awful he was and everything was interpreted through the prism of Donald Trump. The oxygen just got sucked out of the conversation, and no one really dealt with the underlying problem, the underlying thing that gave rise to him. I think Trump is just a-

Ben Hunt: 00:21:57 But he is part of the underlying thing, Demetri. Look, we talk about the wealth polarization. We talk about the power polarization. We talk about the misuse of narratives. We're talking about the creation of a polity, a group of citizens who cannot live with each other. It's just a very much a cop-out to describe Trump as just a symptom of all that, and Oh, now let's talk about Biden.

Demetri Kofinas: 00:22:28 I wouldn't say it's a cop-out. I also think that qualitatively, if you look at how I discuss both of these candidates, I try to be as conciliatory as I can, because I think that the really easy thing to do in today's environment is to shit on Donald Trump and to shit on Joe Biden, and to call Joe Biden a demented old man, and similarly to just wail on Donald Trump. I genuinely don't think that that gets us anywhere. I've seen the last four years as being destructive towards unity, divisive in the country. That's why I try not to focus on Trump. I think he's a person. I think a lot of the people in this country love him and I'm not trying to push them further and further away from me.

Demetri Kofinas: 00:23:10 I feel like what we need is to bring people in. Somehow we need to find a way to do that. I think Trump was-

Ben Hunt: 00:23:18 That's where I want to go with this. That's where I wanna go with this Demetri.

Demetri Kofinas: 00:23:19 I do think Trump was very divisive. Trump was an expert at exploiting America's divisions, but those divisions were there. They were there before he came into office.

Ben Hunt: 00:23:32 Well, of course, they're there. In the same way that warfare has always been with us. But once you introduce mustard gas into World War I, once you introduce trench warfare, this is not a mean reverting phenomenon. You can't un-ring these bells, you can't undo them. When you're describing or you're asking, "Well, what do we do now? How do we find the unity?" My answer is, you can't, you don't.

We're in not the late stages of World War I, trench warfare, we're at the start of it. What we have to figure out that is how we survive this, not how we magically undo the un-doable things that Donald Trump did over the last four years.

- Demetri Kofinas:** 00:24:23 Well, I'm curious, I'll throw it to Grant. I'd like to hear what Grant thinks about this. I will just say, I don't think that we can't. I do think we can make progress. To be presumptuous to say this, but I think that's a narrative, and I think that it's a narrative that is very powerful because we've been living in that world for decades now, partisan media, partisan social media, everyone's got a hustle, everyone's pushing a particular agenda.
- Ben Hunt:** 00:24:54 Demetri, it's not an accident that we have partisan media and partisan everything. This is not an accident.
- Demetri Kofinas:** 00:25:00 No, but it's cyclical.
- Ben Hunt:** 00:25:00 You don't just get to say-
- Demetri Kofinas:** 00:25:02 But-
- Ben Hunt:** 00:25:03 No, no, this is my point. It's not cyclical. These are not cyclical phenomenon. This not a mean reverting phenomenon. Why would you think this is cyclical?
- Demetri Kofinas:** 00:25:11 Because we've always gone through cycles of partisanship and media in American history. It's nothing new.
- Ben Hunt:** 00:25:16 Well, what's new is the technology around it. That's absolutely new. What's different is the pervasiveness of the media and the technology. That's absolutely new. What is also different this time is that in the past, we've been able to break through or get back to identity as Americans or Brits or something that's unifying when confronted with an external conflict. I honestly thought that COVID this year would provide that sort of common enemy, that it could be... I wrote notes about this, our finest hour, to quote Churchill when they fought that common enemy. The fact of the matter is that I was completely wrong. That COVID did not become this common enemy that we unified around to fight. Instead, it too was co-opted by the partisanship and by the widening gyre to just accentuate what we are currently facing. You say, "Oh, well, we go through these cycles and it's going to change. And of course it goes better." Why? what is it that would create this magical force that all brings us all together as Americans?
- Demetri Kofinas:** 00:26:36 Sure. I'll quickly just answer that, and then I want to pitch the Grant who's been sitting so patiently and silently. One, is we need a legislative, regulatory overhaul that addresses these data monopolies because they're a big part of exacerbating the type of dynamics that you're describing, and that's within our power. That requires some level of bipartisanship. And if there are two places where Democrats and Republicans are United, it's on China and it's on big tech. I'll throw that out, and I want to give that to Grant. And two, I would say COVID is not the axis powers and it's not even the axis powers, but it's certainly not Japan bombing Pearl Harbor, which is what it took to get the American public to support the US's participation in the war. It wasn't the Nazis taking Poland. It wasn't the breakout of World War II.

Demetri Kofinas: 00:27:27 I would say that COVID-19 and a pandemic is a very low threshold to expect people to unify as a collective enemy. But-

Ben Hunt: 00:27:35 Really?

Demetri Kofinas: 00:27:35 Yes, but hold on. Let me give it to Grant, and then you guys can go there. Grant, go ahead. What are your thoughts?

Grant Williams: 00:27:42 I'm just rolling my sleeves up.

Demetri Kofinas: 00:27:43 I was not supposed to be doing any work for this. I thought I wasn't going to be doing any work.

Grant Williams: 00:27:46 Listen, I just slipped into listening. I found that whole discussion fascinating. There's a few things that I would say. First of all, I think you're both right. I think Ben's right about we can't get back there again. Sadly, Demetri, I think you're right in that we can, but I think you're going to hate the thing that gets us back there, and then you bring it around to that COVID thing. The problem with COVID, and like Ben, I had the same feeling as Ben did, that this could be that polarizing outside enemy that brought everybody together. But of course, it's an invisible one. Sadly, we humans need a visible one. We need someone or something, mostly someone, that looks different to us, can be pointed at, can be demonized, we can see it, we can touch it, we know what it looks like. That generally is another country or another religion or another race or another... some part of humanity, whether it's rich and poor, whether it's communism and capitalism, whatever it may be.

Grant Williams: 00:28:49 We as human beings sadly need that. I think when Ben talks about the technology and the difference it's making this time, I could not agree with that more. Sadly, I think the single biggest difference that technology has made and is making them will continue to make, unless there is a very unpredictable change of direction at heart, is that technology has allowed human beings on an individual level to feed their own egos, and that we've never had before. That is hugely problematic because when you talked about us all being Americans or all being Brits, we are in times of crisis, but if you give someone the opportunity to feed their national identity or feed their national culture or feed their own ego in a simple way with a few clicks, a few pictures and all the likes, unfortunately, I think far more people will be much more interested in boiling it down to them as a human being and their place in this world and the amount of love they feel from other people, their peers and whatever it may be.

Grant Williams: 00:29:57 That is what worries me is that this technology fuels the worst part of humanity. If we go down that road, we go down that road of people ignoring the collective and deciding, "How do I get more followers? How do I get more likes? How do I get more of a presence? How do I become an influencer?" I think that leads to a very dark place. I think Ben's right. I think we're on that road. Demetri, when said, "I think we can get back there," I think what it ultimately takes, I know Ben's thought about this a lot, is conflict. And it's the kind of conflict where you do have to point at an enemy that your people can galvanize around and behind you to take on. Right now China is providing a great enemy for America to focus on.

America's providing a great entity for the Chinese to focus on. Russia's providing the usual enemy for everybody to focus on.

- Grant Williams:** 00:30:54 Europe for the Brits, the Brits for Europe. Everywhere you look, these tender boxes are there and it's not going to take much to... if you really want to coalesce an indigenous population of some form around a cause, then it's really going to be a very, very simple thing to do. I suspect that is what we are going to see. It worries me tremendously.
- Demetri Kofinas:** 00:31:19 I just want to respond to one thing initially, maybe a second thing. I want to challenge this idea that when given a choice between me and some larger identity, that people instinctively choose me. I think there are two places where you can see that this isn't true, because I think actually people yearn for community. Putting aside the overarching observation that human beings are social animals, I think that more than ever today, people yearn for community. One place where you see that is in the crypto space. What has made the cryptocurrencies that have been most successful?
- Demetri Kofinas:** 00:31:58 I'm thinking right now about Bitcoin, I'm thinking about Ethereum, I'm thinking about Chainlink. They have very active, powerful communities with an enormous diversity of mean making. I think that's no coincidence. I think the same is true in the Tesla community. You've seen this as well. Nationalism had such a bad rap after World War II, understandably. The Europeans united to fight the scourge of nationalism at post-facto. Well, today what we have is the exact opposite of that. You don't see so much patriotism in America. You see in a sense that kind of tribalism channeled into stocks and into private enterprises, private initiatives, private communities. I think it isn't for a lack of willing-
- Ben Hunt:** 00:32:47 Demetri.
- Demetri Kofinas:** 00:32:48 Yes.
- Grant Williams:** 00:32:49 Oh, Ben, come on, let me have him.
- Demetri Kofinas:** 00:32:52 Oh, go ahead, and take your best shot.
- Ben Hunt:** 00:32:53 Demetri, You're living in a bottle, man.
- Demetri Kofinas:** 00:32:55 Go ahead.
- Ben Hunt:** 00:32:56 Grant and I are talking about the falling apart of the United States, where it's an international competition, not an international competition, where the demonization is happening between Republican tribe and Democratic tribe. I think it's kind of trivial to talk about Tesla and Bitcoin communities.
- Demetri Kofinas:** 00:33:19 How so? My point is to push back on the idea that when given a choice, we're always going to choose myself, my own personal consumptions, me, me, me, me, me, i.e., what the algorithms focus on. And yet what we see is we see a yearning for a community.
- Grant Williams:** 00:33:39 Well, hang on. Okay, if I may.

Demetri Kofinas: 00:33:41 By the way, it's also true of the MAGA community and also true of the Democratic progressive, left-wing part of the party.

Grant Williams: 00:33:49 But Demetri-

Demetri Kofinas: 00:33:49 Go ahead.

Grant Williams: 00:33:50 ... if I may. It's interesting that the examples you chose, let's think about one by one. The crypto community. Now, within that community, there are, as I've spoken about before, some extraordinarily gifted communicators, and there are a number of extraordinarily idealistic people who genuinely think Bitcoin is a revolution and they want to use it to build a better world. They want to educate people. They want Bitcoin to be the means for people to free themselves from the financial system. Those people are there. But when you talk about the crypto community, there are far more, sadly, people on the internet talking about "have fun staying poor." And if you're not a hurdler, you're a loser.

Grant Williams: 00:34:42 The bile I've seen thrown at people who just question this absolute certain outcome that Bitcoin is going to eat the world is extraordinary. That very same DNA runs through the Tesla community. I've watched this as the share price has gone up, it's not about the company. It's not about a lot of the things that have been documented in terms of whether it's potential accounting fraud, whether it's poor customer service, whether it's all kinds of shenanigans around delivery days, none of that matters. This is all about the stock price. If you're not a believer in Tesla, you're an evil person and you want the world to die withering.

Demetri Kofinas: 00:35:21 That's not inconsistent. That's not inconsistent with tribalism.

Grant Williams: 00:35:24 No, but my point is a lot of this stuff comes down to, "I'm making a ton of money out of crypto, and you're a loser. I'm making a ton of money at my Tesla shop, you're a loser." Then you get to the MAG staff. Again, yes it is. But within that, there is an extraordinary, to me anyway, amount of individualism, where I don't see so many people talking about the us. I see plenty of people talking about my role in the Trump army, my role in the Tesla brotherhood, my role in the crypto community. It just feels to me that... and I'm perfectly happy to be proven completely wrong, I'm just talking about how it feels to me from observing these things, and I have observed all of them. It feels intensely personal to me, above a certain level. Once you get away from that nucleus of the community, which are the hardcore people, the idealists in that community, once you get outside them, it all feels incredibly individualistic to me.

Demetri Kofinas: 00:36:27 I want to also add though to me, specifically with Bitcoin, let's take that as an example, it's the most religious community of any that exists that I'm aware of. There's a prosperity gospel component to it. The financial part about have fun staying poor, if you don't jump on the rocket ship now, there's not going to be any seats for you at the Citadel. The doors are going to be closed, et cetera, et cetera. That stuff is a more aggressive version of, let's say, prosperity religion, but we've seen all of this kind of disgusting behavior in other religious movements in the past. Again, it's not inconsistent. I will say, I'm not invalidating your experience. I have seen much more of the former, of people... and maybe I interpret it differently, but I see a strong community adherence.

Demetri Kofinas: 00:37:17 I think that, to be honest, when it comes to Bitcoin, and I think probably also to Tesla, but let's just stick with Bitcoin, the proof is in the pudding, the proof is in the adoption. Because Bitcoin doesn't generate a cashflow. It is increasingly expensive to transact, and the higher the price gets. There's no clear exit strategy. There haven't been any viable layer two solutions put forward that actually make it a viable medium to transact in. It is basically a giant cathedral in which people consistently seek to enter. I think that comes from a fundamental absence of community. I think this is a huge force in society today, the lack of community and people's fundamental need for it. I think there's an opportunity for the state, and of course, it can be dangerous, and it probably may well run off the rails.

Demetri Kofinas: 00:38:06 But there's an opportunity for our country and for our elected officials to tap into their patriotic impulses and try and build a sense of nationalism and patriotic identity that we've had before and that we can have again, and that we need in order to face the enormous challenges that are before us today. I really do feel that way. Ben, go ahead. You were on deck there.

Ben Hunt: 00:38:34 I think it's just impossible to do that, Demetri, from the top down. The reason I say that is that it's always going to be so much easier to create that sense of identity, that us versus them that Grant is talking about against another political entity. It's always going to come down to my party is... we are the good guys and the other party, well, they're the bad guys. Once that dynamic is in place... this is what I meant about the example of trench warfare and mustard gas, you can't un-ring this bell. It becomes a... I'll use that \$10 word, an equilibrium, where even if you wanted to, even if you thought, "Wow, wouldn't it be nice if me, political leader X could rise above that and create a sense of identity that had a positive purpose and that was unifying rather than marginalizing, rather than polarizing."

Ben Hunt: 00:39:53 Even if you wanted that, what an equilibrium means is that it is impossible to achieve. There is no action you can take that would not be then seized by other people, both within your group and certainly external to your group, to augment their own power and toss you down. That's what it means to have an equilibrium. That's what I mean when I say it becomes wishful thinking that there is this greater power that imbues leaders with the ability to rise above somehow. What I think the only alternative is, it's not a top down approach, but a bottom up approach. I think this is a much longer game and it's a very frustrating game to play because it doesn't change on an election. It doesn't change over months or years, even. It only changes over decades.

Ben Hunt: 00:40:58 It's the creation of these smaller aspects of community, what I like to call a pack, where your fellow pack members, you see them and they see you not as a means to an end, but as an autonomous worthy human being in and of yourself. Most people find that in their family, a lot of people can find that in a circle of friends, but that's what you've got to find, because I will tell you that your company is not your pack. Your political party is not your pack. You are not seen as an autonomous human being in and of itself. You are a means to an end. So long as you're part of an organization that sees you as a means to an end, and so long as you somehow imbue that organization with, "Oh, they're my family. No, I'm not just some cog in this wheel. I'm a player here," that's what the narratives are used to create that false sense of belonging.

- Ben Hunt:** 00:42:09 The only antidote to that, I believe, is to find real belonging in bottom up, grassroots organizations of community, where you're not seen as a means to an end. I really think... and it's frustrating because, like I say, that it takes decades to make a difference, but I really think that's the only winning approach to have.
- Demetri Kofinas:** 00:42:32 I think that's important. I think that the COVID-19 pandemic has actually accelerated that. I think it's accelerated people's incentive and desire to strengthen their local communities. I do. As far as this idea of legislating patriotism, I'm not suggesting that, to be very clear. However, two points in that regard. One is, we do need legislation that addresses two very tangible issues that are driving us apart. One is, the disinformation and active measures that are consistently running inside of this country, that are foreign interference. And the other one is the modernization of behavior through these data monopolies. There are a lot of people doing really good work trying to push this stuff forward in Congress. Think tanks, independent legal experts and independent organizations. This is incredibly important. And it's one of those rare areas of bipartisan consensus.
- Demetri Kofinas:** 00:43:27 Of course, the Republicans focus on liberal bias in social media and the Democrats focus on Russian interference on Facebook. But within there, there is the opportunity for compromise. And two, I want to also push back on this idea that this kind of change can't significantly come from the top. This is a double-edged sword. Look at Donald Trump. You made the argument before about how I'm under selling the importance of Donald Trump because I say that he is a symptom. You correctly point out that his presence, his messianic presence was actually highly disruptive. I would also say that the emergence of Barack Obama in 2008 was an incredibly unifying moment. Many people felt hopeful. It wasn't just a campaign message. Although, as you would agree more than anyone, Ben, the narrative around hope and change was very important in shaping public opinion.
- Demetri Kofinas:** 00:44:24 Barack Obama had an enormous opportunity to transform America at a point in time where we were in deep financial crisis, an opportunity to change the face of financial regulation. Unfortunately, for many reasons, he failed to do that. We are where we are today, but just because of those instances, because of those examples, that doesn't negate the fact that you can have strong leadership emerge and you can do things legislatively that can lead to better outcomes.
- Demetri Kofinas:** 00:44:54 Ultimately, the way I see this is that we don't have a choice. This isn't, in my view, 2008 Ron Paul campaign, where we can focus on bringing back the gold standard and strengthening individual liberties and de-fanging the government. Unfortunately, and I say this truly unfortunately, because it runs very much counter to everything that I hold dear, the sort of idyllic life that I would like to live, I feel that we are moving into a very dangerous time. When I see what China has done with Hong Kong, makes me feel a little bit like when the Nazis took back the Rhineland. I'm concerned about what happens in this next decade if the Chinese decide to move into Taiwan. I worry about the scope and scale of cyber-attacks in the future, and the fact that we don't have a consensus escalatory response function agreed upon between ourselves and the Chinese.
- Demetri Kofinas:** 00:45:51 I think this is incredibly serious. I just don't think it's really talked about, and people are busy pumping shit coins or stocks or worrying about gender pronouns,

which I get. I was really... I ate my fair share of red meat the last 10 years dealing with that stuff. But I genuinely feel like I'm here ringing the alarm bell in this conversation about that. I just don't think we have the time to wait. I'm praying and I'm hoping, and I'm trying to do everything I can, at least, to try and be unifying and promote the message that regardless of what you think of Joe Biden, regardless of whether you think that the election was rigged, regardless of what you think about Donald Trump, we got bigger fish to fry. That's how I feel on that.

Grant Williams: 00:46:35 Demetri, I echo that sentiment, and I think that's a great way to look at it. But what I hear when I listen to that is the thing that perhaps worries me most, and I think it speaks to Ben's point about people being a means to an end, because the situation you just described, the coalescence of people and the unifying of people feels to me like it's going to come, as we've already discussed earlier in this conversation, against an outside enemy. It is going to be... well, okay, we can unify people, we can unify everybody against China. We can unify everybody in Taiwan against China. We can unify. But it's precisely those situations that you're extremely worried about that give the opportunity for unity. I think the three of us are all kind of in exactly the same place. I think we're all worried about exactly the same things. We're just perhaps looking at it from a vector or a few degrees away from each other. That's all.

Demetri Kofinas: 00:47:39 Oh, I agree. I agree. But I think that there's a difference between strategic competition and what we've had up until this point, which could lead to kinetic war between the United States and China. I just don't think that we've had the correct strategy. I think, unfortunately, Donald Trump has been an enormous, enormous disappointment in this category. He has helped, I think, to raise the issue of China. But what I'm basically trying to say is I'm not suggesting that what I want is to rattle up patriotism in this country so that we can arm and go fight China. That would be --

Grant Williams: 00:48:13 No, no, no, I know you are not.

Ben Hunt: 00:48:13 It's not?

Demetri Kofinas: 00:48:14 What I want us to do is I want us to... Part of this requires a reframing, to going away from thinking that government's the problem and government can't do anything right, to actually recognizing that the United States government has actually done a great deal of good in helping not just fight the Cold War, but also to build the infrastructure that has led to the emergence of this just flowering disruptive technologies and also the interstate highway system and all sorts of things. It's not all bad.

Demetri Kofinas: 00:48:46 Look, when I'm talking right now, I'm also sort of channeling my own transformation. I did not take these views. I've gone through a long period of taking a really epistemic look at unearthing "what is the history of the United States government, of the private sector, the relationship between the two, of monopoly power concentration, and what are my real concerns about the next 10, 20, 30 years?" My concern is related to us actually hunkering down and not coming together, and focusing on ourselves or focusing on our little side crypto communities or stunk community or fall pot diversity community and not actually

try and come entirely together as a country to address some huge issues that we face. Anyway, go ahead, Ben. I heard you go in there.

- Ben Hunt:** 00:49:40 I'll start with a question, which is, if you see China as a threat and-
- Demetri Kofinas:** 00:49:49 The Communist Party, not the Chinese citizens.
- Ben Hunt:** 00:49:53 Well, I mean, talking to these nationalized... as far as if we see the country of China as a source of inequity and a force that is abjectly opposed to what I would describe as the small L liberal virtues that I think the three of us believe in so strongly on this podcast. If you see the government of China as that enormous threat to those small L liberal virtues, the question would be then, well, what should the policy of the United States be, if not at least willingness to have armed conflict with that country? What is the short of that, that would rise to the challenge of this existential threat to small L liberal virtues? That's the question.
- Ben Hunt:** 00:50:57 Then the observation would be, well, if you want to have a national response to the national threat that the government of China poses, how can you create that unification without having actual conflict with China to say, "Oh, well, let's unify because we really need to get our act together."
- Demetri Kofinas:** 00:51:22 We did that with the Soviet Union.
- Ben Hunt:** 00:51:24 My God, Demetri, the cold war was the largest buildup of military force that the world has ever seen. It was played out in a number of real wars, proxy wars around the world. If what you're advocating, and I think this could be real, is a new policy of containment against China, the creation of the containment policy and the political will to fight a Cold War for 45 years in the West, that was an enormous undertaking. It was based on military action and military threats. This is, I think, the point that Grant was raising that if that's what's necessary, okay, but I don't know that I'm signing up for a leader of the United States to start rattling all the war sabers against China. Short of that, I don't know how it's possible to create that sort of unity and dynamism to pursue a course similar to the containment policy of the United States had against the Soviet Union.
- Demetri Kofinas:** 00:52:46 Well, I think we already are seeing a bipartisan consensus on China. I think it's a matter of developing a comprehensive national strategy to deal with it. Of course, we already, and have, always had a willingness to go to war with China. There's always been that... we run military exercises throughout the Pacific. I think this is about getting clear. Containment, I think is a good way to think about it, but it's about avoiding war because I think if we keep going this direction, I think we increase the chances of actually getting into a war. Because you brought up mustard gas, Ben, in some ways the environment we're in today is reminiscent of the pre-World War I period, the period between 1870 and in 1914, because there has been a prolonged period of peace among great powers, and there has been a huge advancement in technology.
- Demetri Kofinas:** 00:53:47 The methods of war making have dramatically changed. And you have a power, in the case of China, that has not actually tested its military against the major power. There are all sorts of ways in that you bring in cyber, cyber falls into the category of new ways of war, and you could easily have a mistake. The Taiwan

Strait is a great example of this. There are other hotspots in the world today. As the world becomes more multi-polar, as American and Germany recedes, these hotspots become more fragile, and they could become sparks that light larger fires. I think we are, again, we are moving into a multipolar world. There's going to have to be more energy devoted to building coalitions. American have to do what it can to help do that.

Demetri Kofinas: 00:54:34 You already saw this recent... this is not helpful obviously, the deal that Germany did with China over Huawei. I mean, you've got the potential for an emerging splinter net between East and West. These forces are already underway. The question is, what do we want to do about it? Do we want to just take the approach that, "Well, I can't trust my government and I don't want to do anything that feeds that manifests this idea that we're at war with China." But I think a lot of people will argue that we're already are at war with China in a variety of ways. The question is, do we want that war to escalate? Do we want that war to become kinetic? Or do we want to find a way to live in peace and work our way through this period?

Demetri Kofinas: 00:55:14 I think that requires that we get serious as a country, that we stop eating each other's eyes out and poking each other's eyes out, and focus on building a coherent national strategy. This is already underway. There are different people who are working in these areas, whether it's regulation of the kind I spoke about before, whether it's about building a national military defense strategy for the 21st century that really deals with the fact that you have these massively destructive weapons and autonomous weapons coming online, and that the Chinese are developing these weapons, and that we need to find some way to able to live in such a world. I mean, these are really serious issues.

Demetri Kofinas: 00:55:54 Again, when I watch the news, which I don't, just to be very clear, I avoid it like the plague. I avoid the news more than I avoid COVID-19. When I saw you tweeting about the... where was it, this bombing that happened in Idaho? I don't even know where it happened, Ben. I know that the media didn't-

Ben Hunt: 00:56:12 Nashville.

Demetri Kofinas: 00:56:13 I know the media didn't even cover it. I hardly pay attention because what I find so much in the news is total crap. It's not the kind of stuff that I think we really need to focus on. Anyway, now I went off on a tangent. I'll just reel it in. But that's an emotional vomit there, intellectual emotional vomit.

Grant Williams: 00:56:33 Demetri, I would just come back to one thing you said there, talking about the tremendous amount of good that the US government has done over the years. Obviously there are many examples of that, but I think that point and your hopes or what can be done brings us to a place that is inevitable whenever you have any conversation like this, and it's what brings the world Ben and I have spent our careers in into the picture, and that's the world of finance, because obviously the US government is flat broke, as is every other government in the world now. That increases the pressure. It limits their ability to do things and it increases the pressure on them. Obviously everything that's gone on in the last 20 years, 30 years, if you want to go all the way back to 87, if you want and make a good case,

that's where this whole thing started. Many people who've watched it all will say that was the day. This has all been leading up to this.

- Grant Williams:** 00:57:31 This is another cumulative set of events that have taken us to the point of insolvency or beyond the point of insolvency, let's face it. Where are we? 27 trillion in debt now. I've literally lost count of the trillions of US debt now.
- Demetri Kofinas:** 00:57:46 It's exponential.
- Grant Williams:** 00:57:47 Yeah. All these things we're talking about are one set of problems, but when you actually impose them against the backdrop of the fiscal situation of not just the United States, but Europe and China and all these other big countries, you realize that the ability for them to do great things is massively hampered by the financial situation, that they've willingly taken themselves into avoid-
- Demetri Kofinas:** 00:58:15 No doubt.
- Grant Williams:** 00:58:15 ... lesser pain earlier on. This is perhaps the most important thing for people to realize because this financial component... go back to any of those wars you've spoken about, there is a financial component to all of them, every single one of them. This financial component is misunderstood. The wealth inequality and how it emanates from federal reserve policy is massively misunderstood. But we are at a point now where the financial system that was put in place after the last major conflict in World War II, the Bretton Wood system, was obviously trashed in '71, but we are now running on fumes in what they replaced it with, this purely fiat era. It's really important to understand the role that the financial situation plays in terms of what governments can do and the steps they can take. If you are broke and you need to do things, it's really tough to do it without a war, because when there is war, you can raise money, you can get people to buy war bonds, you can get people to rally around that flag and bail out, not just an ideological black hole, but a financial one.
- Grant Williams:** 00:59:25 That's what worries me the most, is that that's where we are, and the things that the government need to do need to do or go right back to Ben's point at the very beginning of our conversation about the small businesses who are dead without government assistance, put another trillion here, another trillion there. What they need to do, and the ability to have to do it is compromised, I think, beyond their ability to do anything with it, but some of major flashpoint.
- Ben Hunt:** 00:59:54 See, Grant, I got to tell you, I think that's very true for every country that doesn't have an independent printing press.
- Grant Williams:** 01:00:02 Yes, no that's a good point.
- Ben Hunt:** 01:00:02 I think there's another leg to go in the fiat world for the United States, the EU, for Japan, which are the three countries... I mean, you can toss some others in there, may be UK, maybe Australia, to have a true tradable, independent fiat currency. They could just print money. Every other country, I think you're exactly right, is at the end of their ropes on this. That the alternative for the regime change that is coming in, I think, almost every country in the world, the response is going to be to find that other to blame, that can be another with your own country or it can

be just as commonly or more commonly, the other being another country. I think there's still another leg to the fiat story, though, in countries like the United States where you can just print more money. Right? This is the MMT thesis?

- Grant Williams:** 01:01:08 Ben, [crosstalk 01:01:09] you're right, and I suspect you are, but I just wonder how quickly that last leg falls over. Yes, they may have one last stroke, but it may not last very long simply because of how stretched everything is. I don't know.
- Ben Hunt:** 01:01:25 Yeah, no, I agree. I don't know. But I think that is what we've got to look forward to over the next couple of years in Europe, US and also Japan, is that next leg of the race of just sheer will to create fiat. The striking thing to me right now is how little constraint debt provides certainly on any government that has a sovereign printing press. Where do those constraints exist? I think they only exist ultimately in real world inflation, because that's when I think it becomes a true political issue. But I just don't think we're there yet, and I think that it's so easy to just keep those printing presses running, easy from a political point of view. It's been so successful to turn our public markets into a political utility backed up by the central banks and their both narrative and actual printing press powers, that I think we've got some years left in this last hurrah before you see any real constraints on those countries that have a true sovereign printing press.
- Demetri Kofinas:** 01:02:56 I agree with that, Ben, and I think this brings us back to the double-edged sword. The United States, by virtue of the US dollar and it center in the global financial system, has the ability to continue to make investments by pulling demand from the future into the present if they could make those investments strategically and intelligently to face this larger challenge that I've enunciated here. I also think the Europeans, while they lack, I think... while they're going to struggle in terms of leadership now that Merkel's gone, they do face a larger external menace, an external threat, whether it's Turkey in the Aegean, whether it's Russia in the East, the borders of Europe are nowhere near as secure as they were in the 1990s. They have reason to come together. The forces that drove them apart during the financial crisis can bring them together today.
- Demetri Kofinas:** 01:03:50 But again, this is where political leadership is so important. I'm not saying it's going to happen. It worries me very much because I don't know what the outcome is going to be. Grant... and I'm going to move us into the overtime, guys, for the second part of our conversation. But Grant, you had this fantastic conversation with James Akin on your podcast, and I want to ask you about that in the second half, because James brought up the national digital currency of China and what the CCP's intentions are for the role of the Yuan internationally. I think there are a lot of challenges to get there, but I think it's a great example of how Western central banks and governments have fallen behind the eight ball when it comes to addressing this issue. Instead, we've basically got a network of private cryptocurrencies, and that really doesn't get us to where we need to get to.
- Demetri Kofinas:** 01:04:40 I also think... another thing, something you said, Ben, made me think about it, and it's something I want to discuss in overtime as well, which is state finances, state budgets, and the security environment in some of our largest cities, and this exodus that we're seeing of people from States like New York and California to States like Texas and Florida, and what that means, opportunities also, et cetera.

Given the fact that we don't know the future and given the fact that we cannot... while I may be rooting for and hoping for unity, it's not at all guaranteed, I wonder how you guys think about protecting yourselves and your families. There are a lot of things that I do, but I am curious to know, and I'm happy to share those things with you and with the audience because of how seriously I take this issue. But I'm curious to hear how you guys think about it. We don't all have a farm. That's the ideal thing that you have, Ben. And of course, Grant is shipwrecked on a beautiful Caribbean Island, so what does he care?

- Grant Williams:** 01:05:42 If war breaks out, I know where Ben's farmer is, I'm going to be knocking on his door. I promise you.
- Demetri Kofinas:** 01:05:47 The only thing that you have to worry about is hurricanes. That's something else I'm going to ask you at the break because I always wondered about that.
- Demetri Kofinas:** 01:05:52 For anyone who is new to the program, Hidden Forces is listener supported. We don't accept advertisers or commercial sponsors. The entire show is funded from top to bottom by listeners like you. If you want access to the second part of my conversation with Ben and Grant, as well as the transcripts and rundowns to this episode and every other episode we've ever done, head over to Patreon.com/hiddenforces. There's also a link in the summary page to this episode with instructions on how to connect the overtime feed to your phone so that you can listen to these extra discussions just like you listen to the regular podcast. Guys, stick around. We're going to move the second part of our conversation into the subscriber over time.
- Demetri Kofinas:** 01:06:37 Today's episode of Hidden Forces was recorded in New York City. For more information about this week's episode, or if you want easy access to related programming, visit our website at hiddenforces.io and subscribe to our free email list. If you want access to overtime segments, episode transcripts and show rundowns full of links and detailed information related to each and every episode, check out our premium subscription available through the Hidden Forces website or through our Patreon page at patreon.com/hiddenforces. Today's episode was produced by me and edited by Stylianos Nicolaou. For more episodes, you can check out our website at hiddenforces.io. Join the conversation at Facebook, Twitter, and Instagram at [hiddenforces pod](https://hiddenforcespod), or send me an email at dk@hiddenforces.io. As always, thanks for listening. We'll see you next week.